



CITY OF CONCORD

NEW HAMPSHIRE

City Hall - 41 Green Street - Concord, NH 03301 - tel. (603) 225-8510 - fax (603) 228-2701

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

June 24, 2009

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Allen Bennett, Dan St. Hilaire, Nadine Salley, and Janet Sprague

Absent: Elizabeth Blanchard, Mark Coen, Michael Gfroerer, and Todd Haywood

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, CD Grants Consultant
Bev Rafferty, Administrative Assistant

Guest: Jim Doremus, Executive Director, Concord YMCA

1. Minutes of May 27, 2009 meeting

Dan St. Hilaire made a motion to accept the minutes as written; seconded by Allen Bennett; motion passed unanimously.

2. Second Start Grant Award

Joia Hughes informed CDAC that the grant contract is being reviewed by Legal and should be executed within a couple of weeks. Second Start is ready to go. As soon as the contract is signed, the Environmental Review Record (ERR) will be done so when the contract comes back from Governor & Council, she'll have the ERR ready for publication.

3. Revolving Loan Fund

YMCA: Jim Doremus, Executive Director of the Concord YMCA, was present at today's meeting to answer any follow-up questions CDAC might have regarding the "Y's" loan request.

Mr. Doremus informed CDAC that the "Y's" financial performance this fiscal year is doing much better than first thought. They are still ahead of projections for the month of May and are on track and operating within their means.

Chairperson Bart inquired what the current “Y” enrollment was and how does this compare to other fitness centers in Concord.

Mr. Doremus noted that retaining current members and attracting new members is important. He continued that other YMCA’s in the State have made changes and when these changes were made, it made a significant difference on the enrollment and maintenance of current memberships. He explained that windows, painting and other improvements have been done and in the cardio room the HVAC system has also been improved. New televisions were also added. Flooring in certain areas of the facility still needs improvement, and the women’s locker room has been neglected. However, those investments are not part of this loan request.

Dan St. Hilaire inquired about the membership rates compared to other fitness centers in Concord. Mr. Doremus explained that the “Y’s” rates are higher because they have a pool. The “Y” also provides close personal contact with its members. Mr. St. Hilaire also inquired if the “Y” competes with other local centers. Joia Hughes noted that fees at the “Y” are income based unlike other private for-profit centers in the City. She continued they are not in direct competition but it might reduce some of their rates and make them more competitive.

Mr. Doremus noted the “Y” focuses on the customer service approach. They make adjustments along the way and adapt their programming as necessary.

There was considerable discussion regarding the “Y’s” operating budget. Mr. Doremus noted that the numerous scholarships and reduced dues offered to low income members has the effect of reducing their revenues. Mr. Doremus continued, however, that the “Y” is living within its means; something that has not been done for nearly the last decade. He noted that the “Y” is currently understaffed.

Mr. Doremus explained that in order to break even on the full day kindergarten program, they would need 7 and 14 have been enrolled. They have not finished their fundraising campaign. Camp enrollment is up for the Summer months. Mr. Doremus continued he is encouraged by the “Y’s” ever improving fiscal condition and thus if awarded this loan, it will be a priority to be sure it is paid back.

Janet Sprague inquired what percent of the membership is low/moderate income. Mr. Doremus reported that of the 4,200 people who are members, 1,200 have received some degree of financial assistance.

Chairperson Bart reviewed the amount of the loan request and suggested terms/interest rate. A loan for approximately \$155,000 for 3 years at 3% would make the payment approximately \$4,500/month. Mr. Doremus noted the “Y” is comfortable it can accommodate a monthly payment at this level.

At this time Chairperson Bart thanked Mr. Doremus for coming to today's meeting and Mr. Doremus left the meeting.

CDAC members then began their discussion on this loan request. Some commented that they were not comfortable with the \$4,500/month payment and wondered whether the "Y" would be willing to lengthen the term of the loan to reduce their payment to a more affordable level. It was noted that the "Y" budget sheets did not show an increase in income, just a decrease in expenses. It was also noted that the "Y" numbers were based on projections not actual numbers. There was a general sentiment among the members of CDAC that the City's loan fund should be used to help the City's most needy populations. Joia Hughes noted that the scholarships provided by the "Y" are given to those earning wages equivalent to the poverty level. Given that the income requirements for those eligible to participate within CDAC's loan program, she felt that the number of low/moderate income persons which would be assisted by this loan is far greater than the 1,000 or so person estimate provided by Mr. Doremus.

Discussion continued that, based on the "Y's" current membership rate, even if the loan were extended to five years, they would need at least 59 more members to join in order to cover this new monthly payment associated with this loan. CDAC noted that the "Y" is largely comprised of members from Concord and it is a valuable organization to the community. Dan St. Hilaire felt the "Y" could change for the better with this loan even if current statistics are not as encouraging as hoped.

Members of CDAC discussed the "Y's" history of late payments with its previous CDAC loan. Joia Hughes noted the city has quite a track record with Mr. Doremus. As Executive Director of the FRIENDS program, he turned that program around and he seems to be doing the same thing with the "Y's" finances. He has shown financial responsibility. Despite the apparently ample abilities of Mr. Doremus, several members also expressed concern at the "Y's" admission that its other customary lenders would not finance the acquisition of this equipment due to their current debt load and recent financial management issues.

Discussion ensued. Staff explained that should the loan be granted, the City would attach the "Y's" real estate as collateral. Members asked how much money was in the revolving loan fund. Staff explained that this loan, if awarded, would consume more than 50% of the current available balance. It was noted that City Council's next annual appropriation to replenish the loan fund will not occur until Fall 2009. Joia Hughes noted that the Community Action Program had withdrawn their request for a bus as they received a grant. She also noted that the Second Start bus had not been purchased yet as it is paid for on delivery. CDAC also discussed about the "Y" leasing their equipment rather than purchasing it given its relatively short life-cycle of 3 years. Some members of CDAC also expressed concern regarding establishment of a precedent if they approved this loan for equipment purchase.

It was also noted that the previous loan to the “Y” in the amount of \$40,000 was for the purchase of cardio equipment three years ago. Thus, the precedent concern was moot.

Janet Sprague made a motion to deny the approval of the loan request; seconded by Allen Bennett; the vote was 4 in favor of the motion and 1 against; the motion to deny passed.

It was noted that a letter should be sent to the “Y” explaining why the CDAC denied the request. The letter should specifically include the following concerns: (1) CDAC did not have confidence that the “Y” could afford the proposed \$4,500/month payment, (2) concerns with the “Y’s” history of delinquent payments with other recent City loans, (3) trepidations regarding the conclusions of the “Y’s” marketing study and business plan, and (4) a belief that the “Y” should lease the equipment rather than purchase it given its short life-cycle. Joia Hughes will draft a letter.

PILCHER: Joia Hughes reviewed her report to CDAC. Mr. Pilcher is seeking a loan for home improvements on a house he recently purchased. She noted the roofing quote is high but she will work with him to see if a lower bidder could be found. Mr. Pilcher’s credit score is great. She reviewed his financials. She noted one of the repairs is a gas line that needs to be replaced; this is a life safety issue. She noted his fiancée resides with him but the house is in his name only and the fiancée is in school and has no income. The fiancée is not listed as being responsible for this loan.

Janet Sprague asked whether the Staff viewed the application as being originated from a single or two person household. Other members expressed concerns about the financial arrangement between Mr. Pilcher and his fiancée. Several members felt that the fiancée’s income and debt needed to be taken into consideration.

Joia Hughes explained that the fiancée was not willing to provide any information as she is not an owner of the home nor would she have any responsibility for repayment of the loan. Ms. Hughes stated that she would attempt to get a signed affidavit stating in effect that Mr. Pilcher is not responsible for any of her debt (school loans, etc.). Ms. Hughes noted the fiancée could also state that she certifies she has no income.

Ms. Hughes will gather this information for CDAC and provide it via e-mail for a vote vs. holding a meeting in July.

COMMUNITY ACTION PROGRAM: As noted above, CAP has withdrawn their loan request.

Miscellaneous notes for CDAC's information:

Armano: Staff informed CDAC that Mr. Armano still had not made any payments on his loan since January and the city has also placed a tax lien on his Centre Street property. CDAC informed staff to do a sternly worded letter either from Matt Walsh or City Solicitor Paul Cavanaugh advising Mr. Armano that payment must be made current or legal action will commence.

CDAC noted a policy should be established that if an account is 90 days past due, a letter is sent.

Flournoy: Bev Rafferty informed CDAC that Mr. Flournoy, a current loan recipient, had contacted her about obtaining additional funding to convert a former in-law apartment back into an apartment that they could rent out. Mr. Walsh noted that this renovation might not be permitted by the City's zoning ordinance and thus before taking any action, Ms. Rafferty will notify Mr. Flournoy to check with Zoning Officer Craig Walker to determine if a variance or some zoning action is required for his project.

Mead: Staff has been approached by the Mead's, another current loan recipient, as they may be purchasing a home in the Franklin Pierce neighborhood and wanted to know if additional funding could be made available to them for renovations, etc. The Mead's rent out their apartments to low/mod income tenants. It was the general sentiment of those members present that the CDAC would be happy to entertain a loan application for such purposes; however, no firm commitment could be made without a formal application from the Mead's stating what renovations would be done and how much money they would be requesting. Ms. Hughes will notify the Mead's of this decision.

4. Other Business

There was no other business brought before the CDAC.

5. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:30 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant